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SUBJECT: CHINA REACTS TO JAPAN'S PROTEST OVER EAST CHINA
SEA GAS PLATFORMS

CLASSIFIED BY: POLITICAL MINISTER COUNSELOR DANIEL SHIELDS. REASONS 1.
4 (B/D).

11. (C) SUMMARY: CHINA'S FOREIGN MINISTRY SPOKESMAN AUGUST 30 AGAIN VOICED DISAGREEMENT WITH JAPAN OVER GAS EXPLORATION ACTIVITIES IN THE EAST CHINA SEA. AFTER TOKYO RAISED OBJECTIONS ABOUT CONSTRUCTION OF NEW CHINESE "STRUCTURES" IN THE NORTHERN PART OF THE EAST CHINA SEA IN JULY, BEIJING RESPONDED PUBLICLY THIS WEEK BY REJECTING TOKYO'S PROTEST. JAPANESE EMBASSY CONTACTS SUGGEST CHINA'S OIL COMPANY IS ACTING PROVOCATIVELY BY BUILDING RIGHT UP TO THE CHINESE-SIDE OF THE MEDIAN LINE BUT HAS NOT YET BEGUN EXPLOITATION. THE MFA SAID CHINESE COMPANIES' ACTIONS ARE JUSTIFIED AND THAT JAPAN IS "MAKING NEW TROUBLES." END SUMMARY.

12. (SBU) ON AUGUST 30, CHINESE FOREIGN MINISTRY SPOKESMAN QIN GANG SAID THAT JAPANESE PROTESTS OVER CHINESE OIL AND GAS ACTIVITIES IN THE EAST CHINA SEA ARE NOT JUSTIFIED. CHINESE OIL AND GAS EXPLORATION ON CHINA'S CONTINENTAL SHELF IS "BEYOND REPROACH" AND JAPANESE PROTESTS ARE JUST "MAKING NEW TROUBLES" OVER THE ISSUE, QIN SAID. "CHINA AND JAPAN DO HAVE DISAGREEMENTS ON DEMARCATION OF THE EAST CHINA SEA," QIN SAID IN NOTING THAT BEIJING REJECTED TOKYO'S PROTESTS. THE DISPUTE FLARED AFTER JAPANESE MEDIA REPORTED THAT CHINA ERECTED NEW OIL AND GAS PLATFORMS IN THE DISPUTED AREA DURING JULY AND AUGUST.

13. (C) JAPAN FEARS THAT REPORTED CONSTRUCTION OF NEW PLATFORMS IN THE PINGHU AREA OF THE NORTHERN EAST CHINA SEA PREJUDICES THE OUTCOME OF BILATERAL TALKS OVER TERRITORIAL AND RESOURCE RIGHTS, JAPANESE EMBASSY COUNSELOR KAZUYA ENDO TOLD POLOFF. (NOTE: THE FIFTH ROUND OF THOSE TALKS ENDED IN JULY WITHOUT AGREEMENT. END NOTE). JAPAN HAS BEEN TOLD CHINA WILL NOT RESUME THE TALKS UNTIL THE "BILATERAL ENVIRONMENT" IMPROVES, WHICH ENDO SAID JAPAN TAKES TO MEAN A RESOLUTION TO THE CONTROVERSY OVER PRIME MINISTER KOIZUMI'S VISITS TO YASUKUNI SHRINE.

14. (C) CHINA SEES NOTHING WRONG WITH THE OIL AND GAS EXPLORATION ACTIVITIES OF CHINA NATIONAL OFFSHORE OIL COMPANY ("CNOOC") IN THAT PART OF THE EAST CHINA SEA, MFA JAPAN DIVISION DEPUTY DIRECTOR LU GUIJUN TOLD POLOFF AUGUST 30. JAPAN'S PROTEST OVER SUPPOSEDLY "NEW ACTIVITIES" IN THE EAST CHINA SEA IS UNJUSTIFIED, LU SAID, BECAUSE THE CHINESE ACTIVITIES ARE ON CHINA'S CONTINENTAL SHELF AND ON CHINA'S SIDE OF THE MEDIAN LINE BETWEEN CHINA AND JAPAN.

15. (C) JAPAN BELIEVES THAT THE CHINESE FOREIGN MINISTRY TYPICALLY DOES NOT KNOW ABOUT CNOOCS CONSTRUCTION ACTIVITIES

AND ONLY LEARNS ABOUT NEW STRUCTURES IF JAPANESE OFFICIALS
BRING THEM TO BEIJING'S ATTENTION THROUGH FORMAL PROTESTS,
JAPANESE EMBASSY POLITICAL COUNSELOR KAZUHIRO SUZUKI TOLD
POLOFF AUGUST 31.

"PROVOCATIVE" STEPS BY OIL COMPANY AND MEDIA

16. (C) JAPAN CONSIDERS CNOOC'S LATEST CONSTRUCTION
PROVOCATIVE AND A SIGN THE COMPANY IS GROWING IMPATIENT WITH
THE SLOW PACE OF POLITICAL TALKS, SUZUKI SAID. FOR ITS PART,
THE JAPANESE MEDIA FREQUENTLY SENDS FLIGHTS TO MONITOR AND TO
REPORT ON CHINESE CONSTRUCTION IN THE SEA AS A WAY "OF
SELLING NEWSPAPERS" THAT IS NOT VERY HELPFUL TO JAPANESE
EFFORTS TO STABILIZE THE SITUATION, HE ADDED. BUT FLIGHTS BY
JAPAN'S COAST GUARD AND MARITIME SELF DEFENSE FORCE HAVE
CONFIRMED THAT CNOOC HAS NOT YET SET UP THE DRILLING
EQUIPMENT NECESSARY TO BEGIN EXPLOITATION. CNOOC, SUZUKI
SAID, WOULD NOT "DARE" BEGIN EXTRACTION OF OIL AND NATURAL
GAS, NOR PURSUE EXPLORATION ON THE JAPANESE SIDE OF THE
MEDIAN LINE, FOR FEAR OF SPARKING "SERIOUS POLITICAL
CONSEQUENCES."
SEDNEY